generator sub-systems, excise duty exemption, ten years tax holiday on power projects, benefit of accelerated depreciation and loan from Indian Renewable Energy Development Agency (IREDA) and other financial institutions. Wind resource assessment studies are supported in various States for identifying new areas for deployment of wind power projects. Wind power is being given preferential tariffs in respective States.

Private participation in power sector

870. DR. M.A.M. RAMASWAMY: Will the Minister of POWER be pleased to state:

(a) the steps taken by the Central Government to improve private participation in power sector;

(b) whether there has been certain road-blocks which are hindering private participation in power sector;

(c) if so, the details thereof; and

(d) the steps taken by Central Government to remove these road-blocks?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) The Electricity Act, 2003 which has come into effect from 10th June, 2003 contains several measures to attract private investment in the power sector. Government has also initiated the process of reforms and re-structuring of power sector which would improve the finances of the power utilities thereby attracting private investments.

Under the Act, thermal generation has been fully delicensed and captive generation has been freely permitted, Central and State Regulatory Commissions have been set up and power trading has been recognized as an independent activity.

Under the provisions of the Act, open access in transmission has been introduced to promote competition amongst the generating companies who can now sell to diferent distribution licensees across the country. Guidelines for competitive bidding for procurement of power by distribution licensees under the Electricity Act, 2003 have been issued.

The National Common Minimum Programme has reiterated the commitment of the Government to an increased role for private generation of power and more importantly, in power distribution. From time to time, Government has taken serveral measures to increase private investment

in the power sector. Also, 100% Foreign Direct Investment has been permitted in projects for electricity generation, transmission and distribution.

(b) and (c) The major road-blocks which are hindering private participation in power sector are as follows:

(i) Inability of SEBs and State Governments to provide an acceptable payment security. The revenues of the SEBs are not adequate to ensure payments to Independent Power Producers. This is due to skewed tariffs and poor collection efficiencies.

(ii) Delay in finalisation of various contracts such as PPA, Fuel Supply Agreement and Fuel Transportation Agreement acceptable to all the concerned parties. Protracted negotiations on fuel prices, liquidated charges/damages, risk covering clauses etc. have caused delays in achieving financial closure in many cases.

(iii) Court cases in the form of Public Interest Petitions etc.

(iv) Withdrawal by equity holders and EPC contractors.

(d) The initiatives taken by the Government as mentioned in reply to part (a), particularly regarding the reform and restructuring of power sector including SEB's, formulation of Central & State Regulatory Commissions, recognizing power trading as an independent activity etc. are expected to boost the confidence of the investors. Government has also been assisting to resolve issues coming in the way of the private sector power projects achieving financial closure. An Inter-Institutional Group (IIG) comprising senior representatives from the financial institutions as well as from the Ministry of Power, has been instrumental in facilitiating financial closure of 11 private power projects having a total capacity of over 4000 MW in the last one year.

Setting up of power projects in Assam

871. SHRI DWIJENDRA NATH SHARMAH: Will the Minister of POWER be pleased to state:

(a) whether Government propose to set up power projects in the State of Assam during the Tenth Plan;

(b) if so, the details of the project set up so far in the State;

(c) if not, the reasons therefor; and

(d) the necessary steps taken by Government in this respect?